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New Thrust in U.S.-China Trade

U.S. Cotton in Far East

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Chinese grain crops this year may benefit from possible increases in winter grain area and reportedly improved weather in some areas. During the 1972-73 season, Chinese purchases of grain totaled 5.5-6 million tons, including at least 1.2 million tons from the United States. The U.S. share of China's grain imports may rise even further in 1973-74. See article beginning on this page.

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Agricultural Products Dominate New Thrust in U.S.-China Trade

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IN A JOINT communique on February 22, 1973, the United States and the People's Republic of China (PRC) agreed on "a concrete program of expanding trade," to be facilitated by the establishment of liaison offices in Peking and Washington.

This development is expected to strengthen a trade that is already showing dynamic growth. Agricultural trade, according to recent evidence, is likely to expand more rapidly and on a broader basis than had been previously anticipated.

By the end of May 1973, only 8 months after the first direct shipment of a U.S. farm product (wheat) to China, the United States had either sold or already shipped significant quantities of wheat, corn, cotton, soybean oil, soybeans, and cattle hides to the PRC. Moreover, U.S. imports of Chinese

China To Import More U.S. Grain in 1973-74

Recent reports from trade sources indicate that agencies of the People's Republic of China (PRC) are showing continued interest in further quantities of U.S. grain. Primary focus has apparently now shifted to deliveries for the coming 1973-74 season.

Firm commitments for PRC grain imports in 1973-74 thus far include about 1.5 million tons of wheat under contracts with Canada and Australia that were signed in late 1972 but covered shipments after the end of the 1972-73 marketing year, ending this June 30.

In addition to these commitments, PRC officials have recently entertained offers for both wheat and coarse grains from other origins, including the United States. Reportedly, offers covering sizable quantities for 1973-74 delivery have already been accepted. While country of origin is probably left to the option of the seller, best available information indicates something in excess of 2.5 million metric tons of U.S. wheat and 1 million metric tons of U.S. corn will be shipped to the PRC against such commitments.

Concerning the current PRC crop situation, it is generally accepted that there has been some increase in winter grain area. Deficiencies in soil moisture are known to have existed in some PRC regions this past spring, but rainfall has improved the situation in recent weeks. The autumn-harvested grain crops, consisting heavily of rice and coarse grains, comprise about two-thirds of total PRC grain output; much will therefore still depend upon conditions for these crops in coming months, especially in North China.

In the current 1972-73 season, the PRC is importing a total of about 5.5 to 6.0 million metric tons of grain, including almost 4 million tons of wheat from Canada, at least 1.2 million tons of wheat and corn from the United States, with the balance, mostly wheat, from Australia. Larger PRC imports of U.S. grain in 1973-74 could be due to larger anticipated total import needs but more likely mean simply an increase in the U.S. share and reduced PRC purchases from other countries.

processed and unprocessed agricultural commodities this year are running well ahead of imports last year.

Thus far, agricultural commodities have dominated bilateral trade between the United States and the PRC. In 1972—the first full year of renewed trade—farm products represented four-fifths of total two-way trade, accounting for 97 percent of all U.S. exports to China and 51 percent of U.S. imports from China. Although these ratios will change as nonagricultural products enter the trade, farm products will undoubtedly continue their strong participation.

U.S. exports to China. The structure of U.S. agricultural exports to China in 1972 was relatively simple. Three commodities—wheat, corn, and soybean oil—with a value of $58 million made up the total U.S. farm export trade.

On September 18, 1972, the first U.S. wheat for direct shipment to China was inspected in Pascagoula, Miss. As of June 1, 21.5 million bushels (586,000 metric tons) of wheat had been inspected and shipped.

Of the U.S. wheat shipped last year, slightly more than half—53 percent—was White wheat. Of this, one-fourth was Soft White and the remaining three-fourths a combination of Club and other White wheats, with Club wheat ranging from 12-24 percent of each shipment. Shipments of Soft Red Winter wheat, grades 1 and 2, totaling 270,000 tons, made up the balance of U.S. wheat shipments.

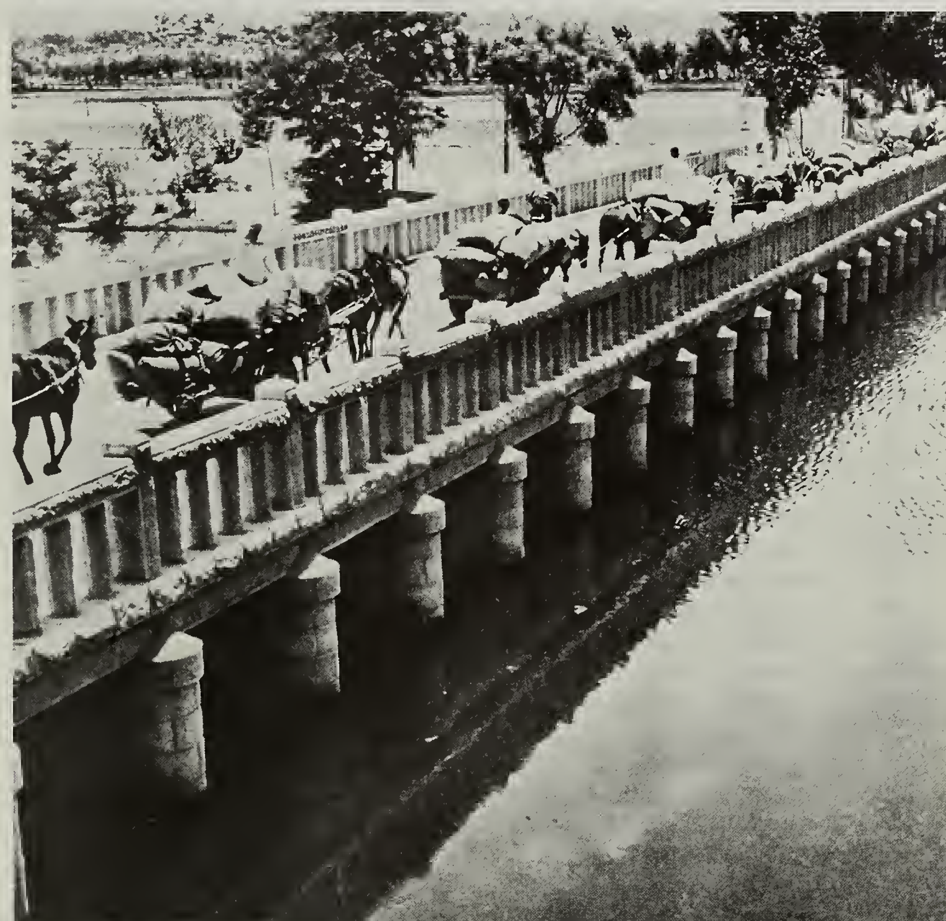
On October 27, 1972, President Nixon announced a large sale of U.S. corn to the PRC. The Chinese purchased the grain from international trading firms in the United States. At the time of purchase, corn prices were more attractive than wheat prices—no doubt an important factor in the purchase of corn rather than additional wheat.

In addition, the corn is assumed to be for food use to offset China's decline in grain production last year.

The first U.S. corn for export to China was inspected in Baltimore on November 7. By June 1, 1973, a total of 29 million bushels (737,000 tons) of U.S. corn had been shipped to China. Four-fifths of the corn exported was No. 3 Yellow and the remainder, No. 2 Yellow.

By the beginning of June, the United States had shipped more than 1.3 million tons of wheat and corn to the PRC.

China purchased a sizable quantity



Freshly baked bread, packaged by Chinese bakers (top), may contain U.S. wheat. A caravan of grain-laden carts (center) delivers imported grain to millers, such as the local plant (left) in Fukien Province. China's reduced soybean harvest (above) in 1972 led to purchases of U.S. soybean oil last year and soybeans in 1973.

Members of the Shaoshan Brigade handpick cotton for yarn manufacture. China's immense cotton needs, combined with production limitations, could lead to further purchases of U.S. cotton in coming years.

of U.S. soybean oil in late 1972 and by the end of March 1973, 30,400 tons had been shipped. Recurring reports suggest that as much as 60,000-80,000 tons have been sold in all—and possibly much more—but the exact quantity will not be known until official export statistics reveal the full extent of the trade.

In July 1972, 2,200 tons of U.S. linseed oil valued at approximately $360,000 was shipped to China via Rotterdam and thus do not appear in U.S. export statistics. Smaller exports via third countries of other agricultural commodities, including tallow, may have occurred, but the bulk of the trade in calendar 1972 was grain.

U.S. imports from China. In 1972, the volume of U.S. agricultural imports from the PRC, totaling $16.4 million, was only one-fourth as large as U.S. farm exports to China. The structure of the trade was highly complex, however, and prospects for expansion appeared clear.

From a modest beginning in August 1971—when U.S. farm imports from China consisted of only two commodities, hog bristles and camel hair—the product mix of China's agricultural exports has expanded rapidly.

By the end of 1972, U.S. imports from the PRC included a total of 138 agricultural commodities. The large spread of imported products, many in very small quantities, suggested that the Chinese, with the help of eager American importers, are probing the U.S. market, searching for the most promising areas of our vast industrial and consumer market.

1973 developments. Signs of expanding agricultural trade came early in 1973 with evidences of broadened trade, as well as indications of sharp increases in U.S. export volume.

One of the most dramatic developments to date has been the sale of U.S. cotton—probably at least one-half million bales in the first transaction and 600,000 bales or more for shipment during the coming trade year. The magnitude of this trade is particularly noteworthy, considering that the PRC's total cotton imports in 1971-72 were only 670,000 bales (see *Foreign Agriculture*, March 5, 1973).

The most recent development has been further sales of U.S. wheat and coarse grain for 1973-74 shipment (see box, page 2).

Last year was an adverse year for China's agriculture, as weather reduced the cotton crop, as well as grain, soybean, and other crops. Even with optimum growing conditions, China is faced with difficult choices in its cotton economy. With food crops and other industrial crops competing for a limited growing area, cotton acreage cannot easily be expanded and may even decline. Production can be increased, up to a point, with expensive inputs, but the textile industry's demands are enormous, and growing constantly.

China is one of the world's largest producers of cotton textiles and an important textile exporter. Since China has one-fifth to one-fourth of the world's population, cotton cloth needs are immense. Domestic and export requirements for cotton, combined with production limitations, seem to indicate that increasingly large imports of raw cotton are inevitable in the future. Recently improved and expanded political and trade relations between the United States and the PRC suggest that the United States will be a major supplier of cotton in coming years.

The PRC is the world's second largest soybean producer, with a crop approximately one-fifth that of the United States and double that of Brazil. But Brazil, currently the third largest producer, is rapidly gaining on China. China's soybean exports have been second only to the United States, but Brazil recently moved into second place.

This has been a difficult year for China, however, with 1972 soybean production reduced first by drought and later by floods, curtailing domestic availability and export capability.

In the fall of 1972, export deliveries were reportedly behind schedule and the Chinese were thought to be in the market for soybean oil. The eventual result was the sale and shipment of a significant quantity of U.S. oil.

"By the beginning of June (1973), the United States had shipped more than 1.3 million tons of wheat and corn to the PRC. The corn is assumed to be for food use to offset China's decline in grain production last year."

Early in 1973, reports of soybean business were again circulated, but this time for soybeans, rather than oil. The result was that China reportedly purchased at least 50,000 tons of U.S. soybeans, valued at $12-$15 million. The first shipment of 17,000 tons was made in late April, with the balance to be shipped over the next 3 to 4 months. Once again, this development in U.S.-China trade relations would have been difficult to imagine only a year ago.

Outlook for U.S. sales. As U.S.-China trade develops, other agricultural commodities can be expected to enter the trade. One possibility is breeding stock, particularly hogs. Although sales prospects are not immediately apparent for large volumes of feed concentrates—grain and protein feeds—export op-

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Trade Teams Report Prospects Good For U.S. Cotton in Far East

By JOSEPH H. STEVENSON
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Vigorously expanding textile industry activity, plus heavy buying in anticipation of tight world cotton supplies, is giving a boost to U.S. cotton sales in the Far East, according to two cotton trade missions recently returned from trips to four large markets there.

The missions traveled during the last of April and first of May to Japan and Korea and the Republic of China (Taiwan) and Hong Kong. Here, they found strong demand, generally good acceptance of U.S. cotton, and benefits from the dollar devaluation contributing to large imports of U.S. cotton in 1972-73 (August-July). These are estimated at 2 million bales, or some 25 percent above 1971-72 shipments and 34 percent of total world imports of U.S. cotton.

Another good season is expected in 1973-74, with considerable sales already made. Of prime concern is the availability of supplies, especially the better qualities—a concern that was compounded at the time of the visits by the spring floods in the Mississippi Delta area and uncertainty over size and price of the 1973-74 world cotton crop.

Japan. The world's largest importer of cotton, Japan in 1972-73 will import nearly 4.0 million bales of raw cotton —a postwar record—according to the Japan Cotton Traders Association. About 900,000 bales will come from the United States, the largest single supplier. The USSR will supply about 500,000 bales and Mexico about 450,000.

Japan also imports cotton from 30 or more other countries, and market shares vary widely depending on supplies available, quality considerations, and price competitiveness. Because of this high dependence on imports, Japan has taken a keen interest in investing in and developing cotton production in many countries.

Several factors are aiding U.S. cotton sales. Dollar devaluation and the large supply of dollars available to Japanese importers have encouraged purchases of U.S. cotton this season. Also important have been competitive prices, the availability of Export-Import Bank and CCC credits, the wide ranges of qualities offered, promotion of cotton in Japan under Cotton Council International and International Institute for Cotton programs, and Japanese familiarity with U.S. cotton and the U.S.-cotton trade.

These factors, plus Japanese concern that adequate supplies may not be produced worldwide to meet the rising demand, have prompted considerable Japanese forward purchasing of cotton to be shipped in 1973-74 and beyond.

Japan's expanded import demand comes at a time of near-record cotton use, which in 1973-74 is expected to reach 3.8 million bales, compared with 3.7 million currently. Cotton is benefiting from a trend in Japan toward natural fibers—especially among young people—with a resulting impetus to production of cotton goods, particularly leisure wear. The movement toward natural fibers has been prompted in part by problems of air and water pollution associated with the manufacture of manmade fibers in a densely populated country, as well as by the growing shortage and rising prices of raw materials (mainly petroleum for noncellulosics) needed to make manmade fibers.

Textile mills believe the current level of cotton consumption can be maintained or increased moderately during the next few years—despite the fact that burgeoning textile imports have pushed Japan to the verge of becoming a net textile importer. These imports are being led by yarn and grey cloth from developing countries—items which could conceivably drive down future Japanese mill consumption of imported raw cotton.

However, the textile industry is practically unanimous in the view that such imports will be offset by rising domestic demand for textiles. Per capita consumption of cotton in Japan, which rose 22 percent between 1964 and 1970 to 13.2 pounds, is expected soon to approach the 15.4 pounds used in several highly developed countries of Western Europe.

In addition, Japan's textile exports, although declining, are still quite important, and the industry is shifting more to production of higher quality textiles. This shift means increased demand for better quality raw cotton, largely 1-1/16 inches and longer, and higher grade requirements.

Korea. Rapid expansion in the textile industry and close association with U.S. cotton over the last two decades, are helping guarantee large U.S. cotton sales to this market.

Korea's textile industry, already an important segment of the country's economy, is expanding very rapidly. The number of spindles has been increased from about 760,000 in 1968 to 1,009,640 in 1972, and plans call for gains to 1.4 million this year and 2.2 million in 1974. However, lack of textile machinery, financing, and other necessary inputs could modify these goals.

At present, the textile industry is on three shifts a day, labor is plentiful, wage rates are moderate, and forward textile sales are heavy. Yarn, and to a lesser extent piece goods, make up the largest textile exports—since spinning capacity exceeds weaving capacity. Plans call for expansion, however, in other areas, including weaving, finishing, and garment making.

Cotton is currently enjoying a large share of fiber use, as manmade fibers are in tight supply and have increased in price. Nevertheless, Korea is ex-

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This is the first of two articles on findings of U.S. cotton missions to the Far East and Europe, sponsored jointly by the Foreign Agricultural Service (FAS) and Cotton Council International (CCI). Members of the trade mission to Japan and Korea included: Robert G. Gardner, American Cotton Shippers Assoc.; Lloyd C. Miller, cotton producer; and Joseph H. Stevenson, Cotton Division, FAS. The mission to Taiwan and Hong Kong included David C. Brandon, American Cotton Shippers Assoc; Bernard E. Delafosse, AMCOT; and Thomas W. Fink, CCI.

pected to expand its own manmade fiber production facilities from the three plants now in operation, thus increasing cotton's competition from manmades.

Government and industry sources estimate Korean cotton consumption at 750,000 bales in 1973-74, compared with an estimated 590,000 in 1972-73. Industry sources indicate approximately 50 to 60 percent of Korea's 1973-74 cotton needs had been covered as of early May 1973.

The United States has been practically the sole supplier of cotton to Korea for the last two decades, and the Korean textile industry is accustomed to and prefers U.S. cotton. The Korean trade is familiar with U.S. cotton's quality characteristics and the U.S. marketing system, and a number of Korean industry people have trained or traveled in the United States.

In the past, most U.S. cotton exports to Korea were financed under P.L. 480. Now, CCC credit is being used to a greater extent, and small amounts of Korean foreign exchange (KFX) funds have also been made available for import purposes. For calendar 1973, $27.1 million has been made available to finance imports of about 175,000 bales under P.L. 480, $65 million under CCC credit, and $5.5 million under KFX funds.

Taiwan. A booming textile industry and desire to line up supplies are resulting in an active interest in U.S. cotton in the Taiwan market. Currently, that country takes a little over half its cotton imports from the United States, but Taiwan Government sources have indicated that they will endeavor to influence the spinning mills in Taiwan to purchase around 70 percent of their cotton requirements in the United States over the next 3 years.

With Taiwan's cotton import requirements estimated at over 700,000 bales annually for the period, compared with 650,000 currently, the United States might be able to increase its sales there to around half a million bales a year from 287,600 in the 1971-72 crop year. This, of course, depends on U.S. cotton being competitive in price, quality, and availability.

The textile industry in Taiwan is continuing to expand. Spindles are expected to total 2 million by the end of 1973, and the number of textile mills is set to rise from 80 to 95 during the year.

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Japanese Imports of U.S. Cotton Are Up

Despite rising prices on the world cotton market, Japanese imports have picked up sharply in recent months, after a slow start in the 1972-73 marketing season. U.S. cotton has benefited, and imports are expected to be up 15 percent or more in 1972-73 from last year's 758,000 bales.

Total imports for August-April were up about 3 percent over the same period a year ago, with imports from the United States up 13 percent to about 655,000 bales. During the first quarter, imports of U.S. origin had been down 60 percent due to abnormally low stocks available. But with big shipments arriving by the end of the first half, imports were down only 23 percent compared to the same period last year.

In November, Japanese traders, who had been holding off purchases in expectation of a continued downward trend in world raw cotton prices, began to step up purchases. They foresaw a tightened world cotton supply because of such factors as a likely switch in many countries from cotton production to that of food and feedgrains; Chinese cotton purchases of about 1.6 million running bales; a reduction in U.S. cotton acreage; and unfavorable U.S. weather that reduced availability of high-quality U.S. cotton.

Japanese spinners made large purchases in January as cotton yarn prices at Osaka, advancing steadily since August, hit a record high. The price boom resulted in part from a reduction in flow of cheap cotton yarns to Japan from Pakistan and South Korea (diverted to Europe and other markets).

By the end of January, Japanese spinners had reportedly booked purchases of about 170,000 bales of U.S. new crop cotton for part of their 1973-74 season requirements. Traders estimate that total purchases of U.S. cotton for 1973-74 will be about the same as the current season, that is, 900,000 bales or more.

To finance an estimated 305,000 bales of these purchases, the Export-Import Bank of the United States has authorized a $75 million credit, the twenty-sixth cotton credit granted to Japan by the bank.

Slightly over 1 million bales of cotton were purchased for 1973-74 requirements from other suppliers, about 400,000 bales in January alone. Principal sources were Central America, Mexico, and the USSR.

An unexpectedly strong demand for cotton goods is slowing efforts by the Japanese Government to aid the cotton industry in reducing capacity. The Government had planned to purchase and scrap 500,000 spindles by the end of March 1973, but it is now estimated that by the end of May only 300,000 spindles will have been dismantled, due to difficulties in administering the program as well as rising consumer demand.

According to the Ministry of International Trade and Industry, total cotton consumption for spinning and sanitary use during the first half of the 1972-73 marketing year was around 1.7 million bales, up slightly from about 1.6 million bales consumed during the same period a year earlier.

Use of cotton for spinning was up about 3 percent from last year, that is, from almost 1.5 million bales for the first half of 1971-72 to nearly 1.6 million bales for the first half of 1972-73.

Despite decreased exports of cotton goods and increased imports of cotton yarns, pure cotton yarn output of members of the Japan Spinner's Association during calendar 1972 was 1,065 million pounds, up nearly 5 percent from 1971 production.

However, according to the Ministry of International Trade and Industry, in the long range, consumption of cotton goods is expected to decrease slightly. Imports of cotton goods will increase while production of pure cotton yarns and exports of pure cotton goods will decrease. Exports of cotton-synthetic blended goods will level off while their consumption will steeply increase.

—Based on reports from
Office of U.S. Agricultural Attaché, Tokyo

Outlook Mixed for Future

U.S. FARM EXPORTS TO WORLD'S REGIONS

THE RECENT strong uptrend in U.S. agricultural exports, which in fiscal 1973 set a new record for the fourth consecutive year, could be softened somewhat as world crop and livestock production recovers from last year's abnormal weather. However, over the longer term, the future continues bright for U.S. farm trade, based on worldwide economic growth and increased demand for feedstuffs to support expanding livestock production.

The important ingredients for further expansion—rising incomes and population growth—are present in Western Europe, the Far East, the Communist countries, Latin America and the Caribbean, Africa, and the Middle East and will be the major forces sustaining future growth. To this has been added the dollar devaluations, which are affecting U.S. farm trade, especially in strong-currency countries where devaluation was followed by foreign currency revaluations.

Also present, however, are trade restrictions. These are substantial in the enlarged European Community; in Latin America, where the Latin American Free Trade Area (LAFTA), the Central American Common Market (CACM), and the Caribbean Common Market (CCM) are shifting trade to favor members; and in other areas.

In upcoming multilateral trade negotiations through the General Agreement on Tariffs and Trade (GATT), the United States will focus on lowering these barriers—negotiations which will influence the future direction of U.S. agricultural exports.

In the sections that follow, economists of the Foreign Demand and Competition Division of the Economic Research Service take a closer look at U.S. agricultural export prospects.

Containers, like this one being loaded aboard ship at the Port of Toledo, are among the innovations that have helped expand U.S. export trade in fresh and other agricultural products.

U.S. farm trade today is farflung and varied. At right is a municipal market in Kenya—one of the smaller U.S. outlets, while below is a livestock breeding farm in Japan—the biggest market. Bottom, U.S. export wheat is loaded at Chicago.

FAR EAST

The most dramatic growth in U.S. farm exports over the last decade has been in the Far East.

Here, sales to the seven largest commercial markets tripled between 1962 and 1972 to $2.25 billion—and will show a further sharp gain in 1973. Total U.S. exports of agricultural products during that period, by contrast, did not quite double.

For the future, this market will probably continue among the most dynamic as its increasing affluence is translated into expanded demand for imported agricultural products. In addition, the dollar's recent devaluation makes U.S. farm products an even better buy in the Far East.

As in Western Europe, protectionist policies also exist here, but their impact is greatest in the big Japanese market. Some success has already been achieved in reducing import barriers in Japan, and continuing trade negotiations are

focusing on obtaining further reductions.

The seven markets—Hong Kong, Japan, the Philippines, Singapore, Taiwan, Thailand, and South Korea—today purchase most of their agricultural imports commercially, with less than 11 percent of total U.S. shipments to them in 1972 moving under Public Law 480. The only countries with any P.L. 480 trade of significance are the Philippines and South Korea, which in 1972 took 30 and 56 percent, respectively, of their farm imports from the United States in this way. But even the remaining 44 percent of the Korean market represented a large commercial export flow of about $160 million for the United States. All exports to Japan are on a cash or commercial basis.

Except for the Philippines, these markets are characterized by very rapid rates of economic growth and by growing per capita incomes, which are already high enough, or almost high enough, to permit people to move from heavy use of starchy foods to fruits, vegetables, and high-protein foods such as livestock products.

Since people in the Far East consume substantially less food per person than Americans and Europeans, when Asians start to catch up and close the gap the upward impact on their food demand can be especially dramatic. This would be so even if Asian food consumption were never to rise all the way to U.S. levels. While food consumption in these Far Eastern countries is between 2,000 and 2,600 calories per person daily (as national averages), the range for European countries, the United States, and Canada is between 2,800 and 3,300 calories.

The Far Eastern markets are dominated by the buying power of Japan, which is now the largest single outlet for U.S. farm products. Japan last year took $1.4 billion worth of U.S. farm commodities, compared with $1.1 billion the previous year, with the gain accounted for both by increased prices and larger quantities. Since Japanese needs continue to increase at a rapid pace and its domestic crop production potential is limited, this should continue to be an expanding U.S. market, with an especially big jump this year to the $2-billion level.

Except for a slight drop in sales to Hong Kong, U.S. agricultural exports to the other markets rose sharply last year. Shipments to South Korea climbed 22 percent to $364.0 million; the Philippines, 35 percent to $100 million; Singapore, 45 percent to $22 million; Taiwan, 21 percent to $196 million; and Thailand, 26 percent to $58 million. Exports to Hong Kong, at $68.0 million, were off about $1-2 million from the 1971 record.

Major U.S. agricultural exports to the area have included grains ($632 million in 1971), oilseeds ($394 million), cotton ($321 million), and fruits and vegetables ($73 million). Also important are hides and skins, fats and oils, tobacco, fodder and formula feeds, meat, and processed foods.

In addition to the trade possibilities arising from economic growth in the Far East are those from the devaluation of the dollar and the realinement of the yen and other currencies. Since mid-1971, the Hong Kong dollar has appreciated with respect to the U.S. dollar by about 23 percent.

The Singapore dollar has appreciated by 12 percent, the Taiwan dollar by 5 percent, and the Thai currency has been about stable with respect to the U.S. dollar. Korea's currency on the other hand, has depreciated with respect to the dollar by 7 percent since 1971 and Philippine currency by 5 percent.

The big one, of course, has been the Japanese yen, which has appreciated in relation to the U.S. dollar by about 37 percent because of the 1971 yen revaluation as well as the floating of the yen now taking place.

The large magnitude of this realinement of the yen to the dollar should be extraordinarily favorable for U.S. food and farm exports to Japan, and it may turn out that way. However, despite the large rise in f.o.b. value of U.S. agricultural exports to Japan from 1971 to 1972, Japanese trade barriers against certain U.S. producers are still exercising a restraining influence, holding down sales from what they could otherwise be. And trade barriers can counteract favorable effects of currency realinements.

Japan has removed various trade barriers in recent years, although some of the items have been removed from quota only to be restricted by sharply higher tariffs. Moreover, severe quota restrictions still remain on fresh oranges, most fruit juices, dried peas and beans, edible and unroasted peanuts, and some other products. Many tariffs on processed items are still very high, and quarantine barriers against horticultural and animal products are extremely severe, as are tolerances on many food additives.

Were these barriers to be removed or modified, were the lower Japanese import prices for U.S. goods from the yen-dollar realinement passed on as lower food prices to Japanese consumers, and were marketing structures modernized, the food import demand of Japan could be awesome indeed.

—JOSEPH R. BARSE

WESTERN EUROPE

U.S. farm exports to this biggest outlet have soared nearly 50 percent in fiscal 1973, but restrictive EC policies still cloud future prospects.

However, farmers' continuing need for low-cost feeds should help sustain export growth in at least one U.S. commodity group—soybeans, their products, and certain other feedstuffs, especially those subject to less severe import restrictions. And other products may benefit simply from expanding incomes and changing lifestyles.

Of the $3.5 billion worth of U.S. commodities shipped to Western Europe in 1972, soybean exports alone were valued at $843 million, feedgrains at $612 million, and tobacco at $362 million. Large amounts of wheat, oilseed cake and meal, fruits and vegetables, and numerous other commodities also were shipped.

Much of these moved to the EC and a larger share is doing so now since the United Kingdom, Ireland, and Denmark have joined the Community. This means that some 225 million people, or three-fourths of Western Europe's population, are now members of the EC, causing yet more concern on the part of U.S. agriculture over tariff and nontariff barriers that threaten its exports.

The major obstacle to U.S. farm trade, the variable levy, now is in effect for imports of wheat, feedgrains, rice, pork, poultry, eggs, cattle, beef, veal, dairy products, sugar, and olive oil, as well as processed foods and industrial products made from these products.

Other nontariff barriers include reference prices, compensatory taxes, import licenses, quality standards, buyers' premiums, processing subsidies, and health and sanitary regulations. In addition, member countries have authorization to apply some of their own restrictions, which at times are more prohibitive than those of the EC.

While the effect of these barriers has already been felt to a large extent in the original six members of the EC—France, West Germany, the Netherlands, Italy, and Belgium-Luxembourg—it is just now beginning to alter trade with the three new members. For these, there will be an increasing impact over the next 5 years as they adjust to the EC's CAP.

U.S. sales in the U.K. market, which in 1972 bought $480 million worth of U.S. products, will be especially hurt. Adoption of the current CAP, for instance, will stimulate grain production in the United Kingdom, encourage greater use of nongrain feeds, limit the growth of grain usage by virtue of making the products of fed livestock more expensive to consumers, and cause a shift from U.S. grain to that of other EC countries.

It will also hurt U.S. exports of tobacco, lard, and fruit and fruit preparations.

On the positive side is the potential for increased exports of soybeans and their products and certain nongrain feed (like corn byproducts). Additional demand will come from Spain and Portugal, which are emerging as important markets as they attempt to expand livestock production through improved rations.

With incomes on the rise, there will also be a farther shift toward high-protein products like beef and veal, pork, poultry, eggs, and cheese away from wheat flour, rye flour, potatoes, and other starchy products.

Further growth seems inevitable in the frozen food industry, which already has recorded spectacular gains. In all of Western Europe, frozen food sales are rising 15 to 20 percent per year, despite high retail prices, a limited number of home freezers, and limited displays in stores. Currently, Sweden has the highest per capita consumption of frozen food in Europe (35 pounds in 1971), followed by the United Kingdom (33 pounds) and Denmark (25 pounds). Poultry is often a significant component of this consumption.

Concurrently, there is a movement toward packaged and "convenience" foods at the expense of fresh and unprocessed produce—a movement that has stimulated the demand for frozen foods as well as other more fully prepared foods.

All of this, of course, has developed out of rising incomes and changing life patterns, such as increases in number of working wives, reductions in availability of domestic help, and—most important—the rise of the automobile and the refrigerator. The auto has propelled Europe into the age of one-stop shopping and exposed a growing number of Europeans through travel to new foods and different eating habits. The refrigerator has made possible the greater use of frozen and convenience foods, reduced the need for frequent shopping trips, and thus also contributed to the spread of supermarket shopping.

The U.S. food industry, which has already experienced similar changes in the domestic market, should have an excellent opportunity to participate in growth of the convenience food market in Western Europe.

—REED E. FRIEND

COMMUNIST COUNTRIES

After years of obscurity in the U.S. farm trade picture, these nations in fiscal 1973 emerged as an importing bloc of major importance.

The Communist countries have, in fact, accounted for about a third of the gain in U.S. agricultural shipments in fiscal 1973.

Whether this new trade relationship can be maintained, however, is another question, hinging on agricultural results in Communist nations in the years ahead, the state of U.S. economic and political relations with them, their policies toward foreign trade, and their economic growth in general.

The expansion in U.S. agricultural exports to Communist nations in fiscal 1973 will be dramatic, pushing the trade total to between $1.5 and $2 billion for a more than a fivefold increase from the fiscal 1972 level of $353 million. This means the USSR, the People's Republic of China (PRC), and Eastern Europe together now account for almost 12 percent of all U.S. agricultural exports, compared with under 5 percent in fiscal 1972 and almost infinitesimal amounts in many previous years.

Soviet workers load grain, now in scarce supply

Soviet purchases in fiscal 1973 (mainly for shipment that year) reached more than $1.1 billion, compared with $157 million in fiscal 1972, accounting for most of the increase. However, East European imports, at about $450 million, are more than double those of a year earlier. And the PRC thus far has bought $178 million, whereas before there was none.

This remarkable expansion is largely the result of three factors—

- The USSR's poor 1972 grain crop;
- The opening up of trade with the PRC; and
- Increasing consumption and demand for livestock products in the Soviet Union and Eastern Europe.

While the first two developments obviously have their greatest impact on current trade, the latter is a force that could keep trade expanding for many years to come, especially in view of the growth underway in disposable incomes in the USSR and Eastern Europe and the rather-low levels of meat consumption. These factors are causing unprecedented emphasis on expanding livestock production and with it a large demand

...or import.

for feedgrains, oilseeds, and other related products.

The Soviets, for instance, plan to increase production of livestock products by about a fourth between 1970 and 1975, including a 30-percent increase in meat and 20 percent in milk.

China, on the other hand, has seen little change in its diet over the past decade, with 78 percent of caloric intake still accounted for by starchy foods and only about 10 percent derived from such quality foods as livestock products and fruits and vegetables. Thus, Chinese food imports still are mainly intended to provide the additional calories required, rather than to improve the diet.

In addition to the strong livestock industry growth in the USSR and Eastern Europe, other factors could enhance future U.S. agricultural exports to the Communist nations. These include improved economic and political relations; the possible extension of most favored nation (MFN) treatment to more Communist countries; increased U.S. efforts to identify and import additional products from Communist nations in order to better balance trade; and long-term joint ventures, including those resulting from the recently signed (June 19, 1973) U.S.-USSR Agreement on Agricultural Cooperation.

Thus, the Communist countries should continue to make significant imports of U.S. agricultural products.

The Soviet Union will probably continue to purchase sizable quantities of U.S. corn and soybeans, as well as some livestock for breeding purposes, cattle hides, and other items.

Eastern Europe will probably make some significant purchases of U.S. feedstuffs and perhaps some cotton and other selected agricultural commodities.

For the PRC, grain, primarily wheat, and perhaps occasionally cotton, appear to be the United States best hope.

Future U.S. exports to Communist countries will probably fluctuate widely from year to year because of sharp changes in crop production. Moreover, the decision to import or not is generally made by top Communist officials and often appears to involve factors other than those normally used in market-oriented economies.

—FLETCHER POPE, JR.

LATIN AMERICA

Outlet for about 10 percent of U.S. farm exports, this area shares with Western Europe a tendency toward intra-regional trade.

This tendency is expected to continue in future years, although so far it has not reversed the upward trend in imports of U.S. farm products, which in fiscal 1973 gained almost 40 percent.

Within the area, the Caribbean and Andean regions appear the most promising markets, while Argentina and Brazil are the biggest U.S. competitors.

Helping to sustain trade, in the face of growing restrictions, are the high rates of economic and urban growth. Although per capita incomes are below those of developed countries, they are rising at an average yearly rate exceeding 3 percent for the region. Economic development has been associated with a rapid movement of people from rural areas during the past 2 decades, to the point where nearly 60 percent of all people now live in towns and cities.

One effect of income and urban growth appears to have been an increase in demand for basic foods, including grains, tubers, and sugar, which are still predominant in average diets. The larger and more prosperous urban populations are also fast increasing demand for other foods, including meat and dairy products, fruits and vegetables, and fats and oils. Although the latter trend has also been encouraged by improvements in marketing, including supermarket development in the larger cities, it has been somewhat restricted by supply.

Because of limitations on foreign exchange earnings, growth in demand has also set in motion programs to expand domestic production—programs which have often been tied to a high degree of Government control over imports of basic food products through special import licenses and monopoly purchases by Government food agencies. Those controls are supplemented by high tariffs on other commodities, particularly processed foods.

A general effect of such restrictions has been to expand processing industries and shift imports from processed foods to grains, oilseeds, and other raw commodities. They have also contributed to a high rate of growth in production of grains, oilseeds, and other products in Brazil and Mexico. In many countries, however, their effect has been to restrict consumption.

U.S. agricultural trade has likewise been affected by a growing trend toward preferential trade arrangements. Traditional preferences have included those of the British Commonwealth, France, and the Netherlands with their Caribbean territories. More recent arrangements are the Central American Common Market, which provides for free trade between member countries; the Latin America Free Trade Association, which favors exports from surplus producers like Argentina of grains, fats and oils, fruits, and other products; and the Caribbean Common Market (formerly CARIFTA), which came into being on May 1, 1973.

A similar free trade zone is planned for the Andean countries of South America—Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela.

Despite these restrictions, U.S. farm exports to the region have continued to rise, from a 1965 value of $510 million to $773 million in 1971, $871 million in 1972, to over $1 billion in fiscal 1973.

The Caribbean is the fastest growing and most diversified U.S. market, with its expanding purchases paced by meats, dairy products, cereal grains, fats and oils, and fruits and vegetables. Mexico, Central America, and Venezuela continue as important markets for U.S. fruits and many special processed foods.

U.S. trade with the Andean countries, however, is predominantly in grains and fats and oils. With the exception of Venezuela, U.S. trade with the latter countries has tended to vary due to competition from Argentina and limitations on foreign exchange.

These areas together account for more than 80 percent of U.S. farm exports to the region. They provide a relatively strong competitive advantage for U.S. farm exports owing to location and close trade ties. In addition, many of the countries have limited potential for production of cereals, fats and oils, fruits, and other temperate-zone products important to U.S. export trade.

Exports of U.S. farm products to these markets should continue to expand in response to strong urban demand.

—HOWARD HALL

AFRICA

Agricultural imports by Africa, which account for only 3 percent or so of world imports, will continue minor.

However, gains can be expected in line with population and income growth and increased urbanization. The United States, which has a market here for about $350 million worth of farm products, should share in the gradual expansion, although gains are not being made this fiscal year.

Africa's small agricultural import demand goes back to a general lack of economic development, a high dependence on agricultural production for its own income, and a relatively sparse population compared with other continents. These characteristics will continue to prevail in Africa in coming years.

There are, on the other hand, trends that should serve to accelerate demand. The population is increasing. Income is rising, even if it is doing so at a slow pace. And—most importantly—urbanization is growing at the rate of 5 to 6 percent a year, compared with the population growth rate of 2.6 percent. It is in these urban areas where the great bulk of imported food is consumed.

Among the U.S. agricultural products shipped to Africa, wheat and wheat flour are far in the lead. In 1972, these products earned $97 million, or 32 percent of total U.S. agricultural shipments to the continent and 9 percent of all U.S. wheat exports. The U.S. market for wheat in Africa plummeted when Egypt broke off relations with this country in 1967. Egypt had filled quite a large share of its food deficit with U.S. wheat, in 1966, for instance, taking $105 million worth. In the last few years, Morocco, Algeria, Tunisia, and Nigeria have taken Egypt's place as the main wheat markets, although there remains a big gap.

Vegetable oils make up another important item in the trade. Totaling well over $50 million in 1972, these are mostly soybean and cottonseed oils going to Morocco, Tunisia, and Egypt. The shipments to Africa total about 15 percent of all U.S. soybean and cottonseed oil exports.

Ranking next in importance is rice, at a value of over $30 million and accounting for some 10 percent of U.S. rice exports. The Republic of South Africa is the biggest U.S. customer in Africa, taking $20 million in 1972. Others are mainly in West Africa, notably Liberia.

For most other products, the U.S. market in Africa is small and scattered but growing.

On an overall basis, African imports of food and agricultural products amount to about $4.25 per person, and those from the United States, to about $1 per person. These figures are low when compared with other areas of the world, but income also is low in Africa. Average per capita GNP there is now around $200, and in at least 15 countries, it is less than $100.

—ROBERT E. MARX

MIDDLE EAST

Rapid economic growth will fuel agricultural demand from the Middle East in coming years, enhancing U.S. export prospects.

Needs of the individual markets, however, will continue to mirror radically different conditions, where incomes range from below $100 per capita to around $5,000 in some Persian Gulf countries and agriculture encompasses both Turkey's large crop production and the Arabian Peninsula's infertile desert land.

The Middle East—in this case including Turkey, Iran, Iraq, Syria, Lebanon, Jordan, Israel, Cyprus, and the Arabian Peninsula—is unlike most regions in that it has an almost even balance in agricultural trade. Both imports and exports run around $1.1-$1.2 billion annually, which in the case of imports amounts to 2.5 percent of the world total.

In this region of capricious rainfall, wide fluctuations occur in output of crops, particularly grains, which are grown mostly without irrigation. As a result, agricultural countries of the area are in and out of the grain export business. However, the region itself must import large amounts of grain, which makes up a major portion of its purchases of $320 million or so of U.S. farm products.

One-third of U.S. exports to the Middle East is traditionally wheat and/or flour. In 1971, such exports totaled $114 million, with the principal buyers being Turkey, Iran, and Israel. Rice, feedgrains, soybeans, and soybean oil are other commodities exported in important amounts to the Middle East.

Israel is the best U.S. customer in the region, with U.S. agricultural exports there in 1971 and 1972 totaling $127 million and $113 million, respectively. Soybeans, at $40 million; feedgrains, $37 million; and wheat, and flour, $20 million; accounted for the largest share of last year's trade.

Iran is usually the second largest market, in 1972 taking $76 million of U.S. agricultural exports. This included wheat, valued at $36 million; rice, at $16 million; and vegetable oils, at $13 million.

Within the entire region, there is a sizable reliance on imports, growing purchasing power, and a limited agricultural potential—mostly because of scarcity of water. During the past 10 years, its farm output has increased at an annual rate of about 3 percent—just enough to keep per capita production from slipping.

Middle East farmers will probably continue to produce enough to keep up with population growth, but their output will not keep pace with total demand for food. With the area's GNP increasing at an annual rate of 6-7 percent, substantially faster than population, the demand for food, both local and imported, is accelerating.

—ROBERT E. MARX

NEW THRUST IN U.S.-CHINA TRADE

Continued from page 4

portunities may develop as China's livestock economy becomes more efficient, with better breeding stock and possibly outside technical assistance.

At present, however, the Chinese probably would not wish to allocate large amounts of foreign exchange for feed purchases. U.S. tobacco might go to China, but probably in small quantities and perhaps as a trade-off for Chinese tobacco.

Unfortunately, the United States either does not export or is a net importer of several major farm commodities that China regularly imports. Sugar, crude rubber, and jute, for example, accounted for 37 percent of China's total agricultural imports from non-communist countries in 1970. It is also doubtful if China would be in the market for the kinds of agricultural consumer products that the United States now exports to more sophisticated and import-dependent markets, such as Hong Kong. In fact, China already ships some of these products to the United States, as seen in the table describing U.S. imports, below.

The recent advance of political relations to just short of diplomatic recognition is expected to affect procedures used to conduct U.S.-China agricultural trade. Procedures have already gone through one basic change: in contrast to the direct trade that is now carried on, all imports from China in 1971 were indirect imports. They were also largely agricultural—$4 million out of $4.9 million.

The first purchases of U.S. farm commodities, undertaken only a few months after President Nixon's visit to China, were made by trading firms in third countries, although some were affiliates of U.S. companies. The indirect approach that was used in the first months of the uncertain, new trade relationship is understandable.

Trade should become more direct as liaison offices in the United States and China are opened, as cultural and scientific exchanges are carried out more frequently, and as traders of each country develop a better understanding of the commodities and trading procedures of the other country.

U.S. AGRICULTURUAL IMPORTS FROM THE PEOPLE'S REPUBLIC OF CHINA

Commodity	1971		1972	
	Metric tons	*1,000 dollars*	*Metric tons*	*1,000 dollars*
Bristles, crude or processed	125	1,825	533	6,741
Raw silk	4	65	133	2,369
Cassia (Chinese cinnamon)	1,000	1,326	1,163	1,705
Inedible gelatin and animal glue	0	0	3,092	873
Horse hair	0	0	152	635
Feathers	6	19	188	549
Walnuts, shelled	0	0	242	336
Tea, crude or prepared	12	10	379	299
Edible preparations (incl. noodles, baked goods and sauces)	30	20	481	275
Cashmere goat hair	102	268	142	270
Camel hair	80	70	141	262
Natural drugs	2	9	31	213
Cassia oil	36	194	36	190
Down	3	27	30	186
Vegetables, dried, desiccated, or dehydrated	13	13	226	167
Other vegetables [1]	22	16	239	142
Hides and skins (except furskins) [2]	10	21	[2] 79	132
Edible nuts (except peanuts and walnuts)	16	5	315	125
Peppers, (capsicum, cayenne, or red)	0	0	131	117
Essential oils (except cassia oil)	0	0	([3])	113
Peanuts, not shelled	5	3	351	105
Other agricultural imports	—	92	—	627
Total	—	3,983	—	16,431

[1] Fresh, chilled, or frozen; packed in salt, brine, pickled, or otherwise prepared or preserved. [2] Quantity in 1,000 pieces. [3] Less than one metric ton. Source: U.S. Bureau of the Census statistics.

Far East Cotton Mission

Continued from page 6

More spindles are to be installed in 1974.

As in the other Far Eastern countries visited by the trade missions, the U.S. Maid of Cotton had just completed a very successful tour of Taiwan, with wide press and television coverage. Also, there was interest by the spinners in the U.S. Cotton Orientation Tour, which Cotton Council International and the Foreign Agricultural Service will sponsor later this year for spinning representatives from the Far East and certain other areas.

Hong Kong. U.S. standing in this important cotton market has improved considerably as a result of increased textile activity and competitiveness of U.S. cotton. For 1972-73, the United States is expected to increase its share of the cotton market to about 30 percent from the very low 8.5 percent in 1971-72. Another good year is in prospect for 1973-74.

Owing to the uncertain supply and price situation recently, Hong Kong mills have purchased their cotton requirements on an average of 10 months in advance. And one mill reported it had contracted some 18 months ahead. These purchases so far add up to about 200,000 bales of U.S. cotton for 1972-73 delivery and 100,000 for 1973-74, out of a total annual import of around 650,000 bales.

Hong Kong's textile industry has been declining; however, the team observed that much new high-speed and labor-saving equipment has recently been installed in Hong Kong mills, which indicates that the decline in spindles may have stopped.

This modernization has included the installation of open-end spindles, which reportedly total about 70 spinning units. However, the shift to such equipment is still slow, and many mills are uncertain over what type of cotton to buy for such spindles. The consensus of the mills was that they needed short staple, clean cotton with at least 3-8 Micronaire. The team suggested they try some 3.6, 3.4, and 3.2 Micronaire cotton to see which processes best.

There is still a problem with competition from synthetics, which largely account for recent gains in total yarn production. High cotton prices could accelerate this trend, although prices of manmade fibers have also increased, as their supply has tightened.

CROPS AND MARKETS

FRUIT, NUTS, AND VEGETABLES

Almond Production: Down in Italy And Spain, Up in Iran and Morocco

Almond crops in two of the world's major producing countries are lower this year than last, while outturn in two others are up.

Cold weather and late snows reduced production in Italy and Spain, while more favorable conditions in Iran and Morocco resulted in increases.

Adverse weather has also reduced prospects in the United States, although the crop is still expected to be of near-record proportions. Demand should continue to outstrip production this year.

- **Morocco.** The 1973 crop is expected to total 6,500 tons, well above last year's 5,000-ton harvest. Output averaged 3,600 tons annually over the 1967-71 period. (All volumes are in short tons on a shelled basis.) Moroccan traders anticipate exports will be up sharply and prices will reflect the tight market situation.
- **Spain.** Weather-induced damage during the blossoming period reversed earlier estimates of a record 65,000-ton yield. Industry sources now expect the crop to approach 44,000 tons, second only to last year's outturn of 55,000 tons.

Spanish unselected Valencias rose to $1.65 per pound (f.o.b.) in late May 1973, compared with 75 cents a year earlier. Larguetas (27-30 count), selling for $1.01 a year ago, are now quoted at $1.59 per pound.

- **Italy.** Current estimates call for a crop of 10,000 tons, marking the third consecutive below-average harvest. Production during the 1968-72 period averaged 28,400 tons, with the 1972 harvest totaling 17,000 tons.

Bari shelled, unselected almonds were quoted at $1.70 per pound (f.o.b., Italy) in early June 1973, with unselected P.G.'s priced at $1.74. This compares with $1.25 and $1.24 per pound, respectively, as recently as early April 1973 and $1.06 and $1.05 per pound in June 1972.

- **Iran.** Early forecasts call for a 9,000-ton crop, slightly above the 8,000 tons recorded in 1971 and 1972.

Turkey and Italy Expect Larger Filbert Harvests

Unlike Italy's almond crop, which was severely retarded by adverse weather, the 1973 Italian filbert crop suffered little damage. Present estimates call for a crop of 88,000 short tons (in-shell basis), approximately 15 percent above last season because of improved yields and expanded bearing acreage.

Turkish sources indicate they also anticipate a larger 1973 harvest—242,000 tons compared with 210,000 tons last year. Again, excellent weather and expanded acreage are cited.

Prices have risen in recent weeks, reacting to projected shortages of other edible nuts.

In Italy, a few traders attempted to push filbert prices upward but encountered stiff resistance. Turkey's large crop, coupled with an abundant carryover, dominated the world market. In early June, Italian in-shell Avellinos were selling for 32 cents (f.o.b., Italian port) per pound, compared to 26 cents a year earlier. Shelled Avellinos, currently quoted at 76-77 cents (f.o.b., Italian port) per pound, sold for 69 cents a year ago. Shelled Turkish Kerassundes are now bringing 69 cents per pound (spot, ex-wharf London), the same level as a year ago. (All figures are in U.S. cents.)

South African Hop Harvest Up

The 1973 South African hop crop is forecast at 187,000 pounds, well above the previous harvest of 132,000 pounds.

Imports of whole hops fell in calendar 1972 to 304,402 pounds. The United States and Australia ranked first and second as suppliers accounting for over 50 percent of the total.

Imports of extract rose slightly, totaling 147,940 pounds. West Germany was principal supplier.

Currently, domestic production provides less than one-fourth of South Africa's needs. The trade is expanding production and hopes by 1975 to satisfy 75 percent of the home demand with domestic hops.

U.S. Tariff Commission Reports on Mushroom Imports

The U.S. Tariff Commission has released a report to the President citing the results of its investigation of competitive conditions between domestically produced and imported fresh and processed mushrooms.

Three Commissioners (including the Chairman) concluded that although the domestic industry is not presently suffering from injury, the direction of certain economic trends suggests that a threat of injury exists and its extent is sufficient to warrant serious consideration of some form of relief.

One Commissioner ruled that both domestic growers and canners are being injured by imports and further injury is threatened unless exports to this market are restrained.

The two remaining Commissioners refrained from expressing views on the injury concept on the grounds that such expression "would not be in keeping with the Commission's historic role as an independent factfinding agency that provides technical advice to those concerned with trade policy."

Australia Tests European Fresh Grape Market

The Western Australian Export Grape Pool has begun marketing Ohanes table grapes in Western Europe for the first time this season. Sales of this—the first containerized shipment of approximately 2,000 boxes expected to arrive in London and Rotterdam in June—will indicate marketing prospects.

In the past the bulk of Western Australian grape exports have gone to Singapore, but this market is easily saturated, and has been subject to increasing competition from Thai grapes.

Development of new markets in Europe has been made

possible by introduction of new packing methods involving use of grape-guard pads which release a fungicidal gas in stages over a long period to prevent mold development.

This first shipment will be closely monitored, and a special survey of the turnout will be made to assess the condition of the grapes on arrival in Europe. Their ability to compete successfully with other grapes marketed at this time in Rotterdam and London will also be determined.

Sao Paulo, Brazil's Major Citrus State, Expects Smaller Crop

According to first estimates, heavy rains during the blossom period will result in a smaller citrus crop this year than last in São Paulo, the State supplying virtually all of Brazil's fresh and processed citrus exports.

Orange production for 1973 is estimated at 2.1 million metric tons, compared with the record 2.4 million in 1972. Tangerine production is estimated at 319,000 metric tons, only 4 percent less than last year, while lemon output is forecast at 196,000 tons, up 2 percent.

During 1972, about 1.4 million metric tons of oranges were processed, resulting in record exports of 87,157 metric tons of concentrated orange juice. More than one-half the exports were destined for West Germany and the United States.

Despite increased processing capacity, the smaller crop and strong domestic demand for fresh oranges is expected to reduce the amount processed in 1973 by perhaps 10 percent.

Colombia's Banana Exports May Drop Sharply in 1973

Banana exports from Colombia will be down an estimated 40 percent in 1973, according to recent information provided by the Unión de Bananeros. This forecast reflects the effect of prolonged drought in Uraba region where most bananas for export are grown. The drop also results from a temporary production setback occasioned by replacement of the predominant Gros Michel banana variety with plantations of the higher-yielding Cavendish variety.

Value of 1973 exports is projected at US$15 million, of which approximately US$1.6 million worth (624,000 boxes) will be shipped to the United States.

In 1972, the United States imported nearly 171 million pounds of bananas from Colombia worth US$6.6 million, in volume equal to 4 percent of all U.S. banana purchases.

Malaysian Food Industry Firm Announces Plans

In addition to its earlier plan to cultivate 2,000 acres of cashew nuts on sandy soils on the east coast of West Malaysia, the Food Industries of Malaysia (FIMA) reportedly plans to grow tomatoes on a commercial scale on peninsular Malaysia in cooperation with an Eastern European country.

They also plan to establish a pineapple cannery in Sarawak in a joint venture with the Sarawak State Economic Development Corporation and a private canning company.

Additionally, FIMA will can papaya to supplement the operation of the second cannery of the Pineapple Cannery of Malaysia Sdn. Bhd. in the State of Johore, which is working below capacity because of insufficient supply of fresh pineapples near the plant.

GRAINS, FEEDS, PULSES, AND SEEDS

Grain Exports and Transportation Trends: Week Ending June 15

Weekly grain inspections for export and grain moving in inland transportation for the week of June 15 and the previous week were:

Item	Week ending June 15	Previous week	Weekly average May	Weekly average, third quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	643	695	758	637
Feedgrains	770	928	688	690
Soybeans	205	190	268	327
Total	1,618	1,813	1,714	1,654
Inland transportation:				
Barge shipments of grain	492	592	221	495
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	32,111	32,205	30,619	32,271

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 26	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	(1)	(1)	1.99
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	1.76
U.S. No. 2 Dark Northern Spring:			
14 percent	3.59	− 6	1.86
15 percent	3.70	− 3	1.92
U.S. No. 2 Hard Winter:			
13.5 percent	3.57	− 2	1.77
No. 2 Hard Amber Durum	3.95	+11	1.80
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.11	+12	1.44
Argentine Plate corn	3.38	+18	1.72
U.S. No. 2 sorghum	2.91	+12	1.43
Argentine-Grainifero sorghum	2.93	+13	1.44
U.S. No. 3 Feed barley	2.50	+14	1.20
Soybeans: [3]			
U.S. No. 2 Yellow	7.95	+50	3.73
EC import levies:			
Wheat [4]	(5) 1.01	+ 1	2.03
Corn [6]	(5) .32	−14	1.34
Sorghum [6]	(5) .54	−14	1.33

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 23 cents a bushel lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

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Survey of Key World Supermarket Food Prices

On June 6, FAS Agricultural Attachés repeated the retail price survey in 14 world capitals. Like the May survey (published in *Foreign Agriculture*, May 28), this month's survey gives retail prices for 14 foods commonly purchased by U.S. housewives.

If prices of each item are ranked from highest to lowest, U.S. prices for 9 of the 14 items are below the median (or midpoint) of the 14 countries. U.S. prices for three items—chuck steak, apples, and cheese—are above the median, while U.S. bread and onion prices equal the median.

In last month's survey, U.S. prices for 11 of the 14 food items were below the median, with three items at about midpoint, and only onions higher.

In general, world food prices have risen between the May and June surveys. Pork prices increased in nine out of 14 countries, with an especially sharp jump in the median price of bacon. Comparison of ham prices is difficult, since the May survey listed "whole cured hams" while the June survey listed "canned hams." Egg prices rose in 10 of the countries while consumers in nine countries paid more for broilers.

Increases offset losses for most other items except oranges, which had price gains in 11 countries.

Comparison of dollar values in the accompanying table with those published in May will be difficult, since the dollar declined by as much as 6 percent in some cities in the 1-month period.

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES, EARLY JUNE 1973
[In U.S. dollars per pound, converted at current exchange rates]

City	Boneless sirloin steak	Boneless chuck roast	Pork chops	Ham, canned	Bacon, sliced, pkged.	Cheese (Cheddar, Edam, Gouda)	Butter
Bonn	3.94	2.40	2.21	1.87	2.22	1.34	1.32
Brazilia	.59	.52	1.13	1.32	2.40	—	.72
Brussels	3.08	1.73	1.67	3.26	1.11	1.13	1.32
Buenos Aires	.56	.54	.49	2.13	.93	.75	.88
Canberra	1.84	1.08	1.03	1.97	1.62	1.18	.83
Copenhagen	3.99	1.68	2.27	1.92	1.95	1.46	1.33
London	2.75	1.41	1.39	1.49	.93	.85	.54
Ottawa	2.79	1.15	1.59	1.46	.96	1.05	.75
Paris	2.47	1.38	1.84	2.41	3.77	1.24	1.40
Rome	2.57	2.46	1.84	—	1.54	1.00	1.38
Stockholm	3.66	2.01	2.16	3.99	2.35	1.74	1.17
The Hague	2.27	1.46	1.84	2.57	2.59	1.17	1.22
Tokyo	12.92	6.03	2.24	3.41	3.44	1.25	1.46
Washington, D. C.	1.99	1.49	1.69	1.40	1.15	1.23	.75
Median	2.66	1.48	1.77	1.97	1.79	1.18	1.20

City	Broilers, whole	Eggs, large, doz.	Tomatoes	Onions, yellow	Apples, medium	Oranges, medium, doz.	Bread, white
Bonn	0.71	1.02	0.46	0.35	0.38	1.28	0.41
Brazilia	.45	.65	.19	.35	.28	.50	.33
Brussels	.94	1.05	.62	.12	.44	.70	.20
Buenos Aires	.36	.63	.23	.26	.25	.47	.27
Canberra	.58	1.07	.56	.61	.32	1.18	.29
Copenhagen	1.05	1.15	.77	.33	.61	1.67	.21
London	.54	.40	.57	.30	.40	1.23	.16
Ottawa	.69	.71	.36	.44	.29	.98	.17
Paris	.82	1.09	.57	.18	.39	.90	.39
Rome	.95	.98	.42	.54	.26	1.90	.28
Stockholm	1.20	1.26	.83	.61	.55	1.38	.59
The Hague	.67	.94	.51	.17	.31	1.33	.15
Tokyo	.83	.58	.37	.23	.31	.61	.36
Washington, D.C.	.45	.73	.49	.33	.49	.69	.29
Median	.70	.96	.50	.33	.35	1.08	.29

NOTE: Items may vary by quantity and type. Prices of some may be distorted owing to different marketing practices.

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